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AUSTRALIAN STOCK EXCHANGE LIMITED
Via Electronic Lodgement

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Dear Sir

NICKEL EXPLORATION UPDATE

HIGHLIGHTS

- **New nickel intercepts have been received from the RAB drilling completed at Duplex Hill which shows intervals of highly anomalous coincident nickel and copper close to the basal contact including;**
 - **AMBR0192 10m @ 0.81% Ni & 592ppm Cu**
including 3m @ 1.15% Ni & 731ppm Cu.
- **Platinum Group Element (PGE) analysis at Anomaly 11 has also been received with significant results up to 0.72 g/t 3PGE (Au + Pt + Pd) received from a previously reported 1m interval containing 2.89% Ni and 0.33% Cu.**
- **Surface EM will be commencing December 2005 at Anomaly 11, N10 surface and areas south east of Area 57 using sensitive B-field EM technology.**
- **RC drilling (3600m) has commenced with programs underway at Anomaly 11 and Duplex Hill which should be completed early in January 2005.**
- **At the Blair Mine a program of underground drilling is to commence.**

Duplex Hill Prospect

Australian Mines Limited (ASX Code: AUZ) is pleased to advise that a small program of RAB drilling completed in October at Duplex Hill, located some 5km SSE of the Blair Nickel Mine, has shown a significant body of secondary coincident nickel and copper anomalism. It is interpreted that at depth this anomaly is related to a flanking position basal contact of disseminated nickel sulphides.

Original soil sampling and RAB/RC drilling completed by previous explorers identified Duplex Hill as being prospective for nickel sulphides. Australian Mines have designed and completed an exploration program of RAB drilling to locate the basal contact and identify geochemical anomalies to be followed up with deeper RC drilling.



The most significant results are tabulated below:

Hole ID	Northing (GDA)	Easting (GDA)	RL (m)	Azimuth (magnetic)	Dip	Hole Depth	From (m)	To (m)	Interval (m)	Ni (%)	Cu (ppm)	
Duplex Hill												
AMBR0188	6574160	381240	390	135	-60	17	10	11	1	0.56	185	
AMBR0192	6574287	381264	390	135	-60	104	25	35	10	0.81	592	
							Including	30	33	3	1.15	731
								45	45	1	0.53	2000
AMBR0193	6574314	381236	390	135	-60	29	23	28	5	0.61	972	

1. Nickel and copper was analysed using ICP and a mixed acid digest on 1m split intervals
2. 0.4% Ni cut-off allowing one metre of internal dilution

The RAB program results have been used in conjunction with surface mapping to design a follow-up to these anomalous results within the nose of a faulted overturned anticline. The program comprising 1200m RC drilling is to be completed by January 2005 with results expected thereafter.

Anomaly 11 Prospect

The analysis and interpretation of the results from the previously reported RC drilling program in September has continued. Selected samples of mineralisation were submitted for analysis for Platinum Group Elements (PGE's). The nickel sulphide intervals recorded in holes AMRC014, 15 and 17 were sent for analysis for Au, Pt and Pd and have returned positive results. The most significant result was 0.72 g/t 3PGE, from AMRC015, which was recorded from a 1m interval also containing 2.89% Ni and 0.33% Cu.

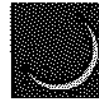
Platinum Group Elements are commonly associated with Kambalda-Style nickel sulphide deposits and their presence at Anomaly 11 is encouraging as it provides strong geochemical support and indicates that the prospect is located within a large fertile nickel system.

The table below shows the results of the assays for the submitted intervals;

Hole ID	Northing (GDA)	Easting (GDA)	RL (m)	Azimuth (magnetic)	Dip	Depth (m)	From (m)	To (m)	Interval (m)	Ni (%)	3PGE g/t (Au + Pt + Pd)
AMRC014	6573961	377358	376	60	-60	102	80	7	7	1.19	0.35
							Including		1	1.79	0.57
AMRC015	6573923	377388	378	60	-60	84	45	50	5	1.87	0.51
							Including		1	2.89	0.72
AMRC017	6573927	377352	377	60	-60	151	113	118	5	0.65	0.16
							Including		1	1.09	0.26

1. Nickel was analysed using ICP and a mixed acid digest on 1m split intervals
2. PGE was analysed using a classical 40g Fire Assay process and finished using ICP-OES

Assessment of polished thin section descriptions have shown that the particle size of the nickel-copper sulphides from recent RC drilling is amenable to flotation processing and have provided AUZ with encouragement to proceed with metallurgical test work on bulk samples.



A follow up program of 2,100m of RC drilling is underway at Anomaly 11 to determine the extents of the disseminated nickel sulphide, identify a potential plunge and locate higher grade nickel possibly related to massive sulphides. Should the drilling be successful in identifying further nickel mineralization it is anticipated a JORC compliant resource will be able to be calculated.

Regional EM

AUZ has also decided to embark on a program of detailed fixed loop EM over Anomaly 11, the N10, NØ2, Area 57 and areas to the south east of Area 57. The survey will utilise new fluxgate EM technology that is highly sensitive to extremely conductive massive sulphides bodies which have been previously difficult to identify with conventional coil EM.

It is anticipated that this program will provide further drill targets to test for massive nickel sulphide repeats of Area 57 and new drill targets along the N10 and NØ2.

Blair East

The results of the RAB drilling that was completed during October at the Fazer and Blair East prospects, closer to the Blair Mine, were disappointing. The prospective basal contact was targeted using detailed aerial magnetic survey and was found to be barren. No further work is planned for these areas

Blair Mine

In mine exploration is to commence at Blair and will involve an underground diamond drill program to assist in the potential mining of hanging wall mineralisation above the Ø3 contact which has not been accessed before in the mines history. Australian Mines previously drilled holes AMUG070 and AMUG073 which encountered hanging wall mineralisation of 9.2m @ 2.55% Ni from 76.5m and 4m @ 1.55% Ni from 92.4m respectively in addition to typical contact ore. This round of drilling will allow the definition of the hanging wall lense prior to drive development and mining.

The drilling will also target a large EM anomaly generated by previous owners to the west of the EØ3 mineralised surface. This area of the mine has not been well drilled and a conductor of this size could represent an opportunity for the Company to locate further nickel sulphides away from the traditionally mined Ø3 and Ø1 contacts.

Yours faithfully

Australian Mines Limited

Barry Cahill
Managing Director

This report was compiled by Mr B J Cahill, Mr B J Cummins and Mr K S Liddell, Mr Cahill and Mr Cummins are both full time employees of Australian Mines Limited and Mr Liddell is non-executive Chairman of Australian Mines Limited. Mr Cahill is a Corporate Member of the Australasian Institute of Mining and Metallurgy, Mr Cummins is a Member of the Australian Institute of Geoscientists and Mr Liddell is a Fellow of the Australasian Institute of Mining and Metallurgy, all have a minimum of 5 years relevant experience in the estimation, assessment, and evaluation of Mineral Resources and Ore Reserves.

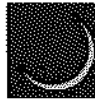


Figure 1: Location Plan - Showing Future Work Programs

